



# WISCONSIN REGULATORY DIGEST

Volume 10, No. 1

A Publication of the  
**ACCOUNTING EXAMINING BOARD**

March, 2000

## Farewell to Board Members

Karen Kalishek of Shawano, Wis., resigned from the Board after over eight years of service as professional member. Governor Tommy Thompson recently appointed her as the public member on the Designers Section of the Examining Board of Architects, Landscape Architects, Professional Engineers, Designers and Land Surveyors.

Roberta "Bobbette" Overby of Chetek, Wis., resigned from the Accounting Examining Board after serving 2 years as a public member. Ms. Overby previously served for several years on the Board of Nursing.

We thank Ms. Kalishek and Ms. Overby for their service to the state of Wisconsin and the accounting profession.

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## WISCONSIN ACCOUNTING EXAMINING BOARD

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### Board Members

Frank Probst, Chair (Brookfield)  
Sharon Hamilton, Vice Chair (Racine)  
Roman Jungers II, Secretary (Waupaca)  
Frederick Franklin (Milwaukee)  
Norbert "Jim" Johnson (Madison)  
Thomas Kilkenny (Milwaukee)  
Vacancy (Public Member)

### Administrative Staff:

Alfred J. Hall, Jr., Bureau Director

### Executive Staff:

Marlene A. Cummings, Secretary  
Myra Shelton, Executive Assistant

## Licensing Statistics

The number of licensees as of February 7, 2000, was as follows:

Certified Public Accountants - 10,451  
Accounting Firms - 345

## Complaint Statistics

Complaints Received in 1999 - 19  
Complaints Closed After Screening - 9  
Complaints Closed After Investigation - 11  
Complaints Closed With Discipline - 5

NOTE: The number of complaints closed includes complaints received prior to 1999.

## Current Exam Fees

National - All Parts	\$160.00
One Part	\$ 85.50
Two Parts	\$110.00
Three Parts	\$135.50
Ethics	\$ 39.00

## License Fee Increases Passed in Budget Bill

All initial credentials - from \$41 to \$44  
Certified Public Accountant - from \$47 to \$52  
Public Accountant - from \$41 to \$44  
Accounting Firms - from \$41 to \$47

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## Administrative Rule Changes

The following sections of the Accounting Board's Rules were revised. The revisions became law on February 1, 1999, but Accy 1.035 has a delayed effective date. Amended language is shown by underlining and strike-out.

**Accy 3.05 Examination application.** (1) A candidate for the certified public accountant examination shall apply on an application form provided by the board and file the application in the board office no later than 60 days prior to the examination date. The application shall be supported by all of the following:

- (a) The appropriate fee authorized in s. 440.05, Stats.
- (b) Proof of fulfilling the educational requirements, by submitting either:
  - 1. Certified copies of transcripts for all academic work completed at an institution, as defined in s. 442.04 (4) (a), Stats., at least one of which must reflect the award of a bachelor's or higher degree, if the candidate has graduated prior to filing the application.
  - 2. Verification from an institution, as defined in s. 442.04 (4) (a), Stats., that the candidate is expected to graduate with a resident major in accounting within ~~45~~ 60 days following the examination date.
  - 3. Certified copies of transcripts for all academic work completed at an institution, as defined in s. 442.04 (4) (a), Stats., a list of all courses in which the candidate is currently enrolled, and verification from the institution that the candidate is expected to graduate within ~~45~~ 60 days following the examination date, if the candidate expects to receive the reasonable equivalence of a resident major in accounting.
- (c) Request for accommodation of disability, if applicable.

(2) The board shall notify a candidate of the examination site when the completed application has been accepted by the board.

(3) Applicants who have the educational requirements by the application deadline may apply to take the next scheduled examination, but no certified public accountant certificate may be issued until all other requirements are met.

**Note:** Application forms are available upon request to the board office located at 1400 East Washington Avenue, P.O. Box 8935, Madison, WI 53708.

## Accy 3.055 Verification of graduation after examination; release or invalidation of examination scores.

(1) A candidate permitted to sit for the examination upon the basis of reasonably expecting to receive a bachelor's or higher degree with a resident major in accounting or the reasonable equivalence of a resident major in accounting within ~~45~~ 60 days following the examination must submit certified copies of transcripts for all academic work completed at an institution, at least one of which must reflect the award of a bachelor's or higher degree, to the board office within 120 days following the date of the examination.

(2) The examination scores of a candidate who fails to submit the required documentation shall not be released until the required documentation is submitted.

(3) A candidate who fails to receive a bachelor's or higher degree with a resident major in accounting or the reasonable equivalence of a resident major in accounting within ~~45~~ 60 days following the examination shall be deemed ineligible to have taken the examination, and the scores shall be deemed null and void.

## Accy 7.035 Education requirement effective January 1, 2001.

Pursuant to s. 442.04 (4), Stats., after December 31, 2000, a person may not take the examination leading to the certificate to practice as a certified public accountant unless the person has, as part of the 150 semester hours education, met one of the following conditions:

(1) Earned a graduate degree with a concentration in accounting from an accounting program or department that is accredited by an accrediting agency recognized by the board.

(2) Earned a graduate degree from a business school or college of business that is accredited by an accrediting agency recognized by the board and completed at least 24 semester hours in accounting at the undergraduate level or 15 semester hours at the graduate level, or an equivalent combination, including courses covering the subjects of financial accounting, auditing, taxation, and management accounting.

(3) Earned a baccalaureate degree with a major in accounting from a business school or college of business that is accredited by an accrediting agency recognized by the board including all of the following:

(a) At least 24 semester hours in accounting at the undergraduate or graduate level, including courses covering the subjects of financial accounting, auditing, taxation, and management accounting.

(b) At least 24 semester hours in business courses, other than accounting courses, at the undergraduate or graduate level.

(4) Having obtained the reasonable equivalent of an accounting concentration by having earned a baccalaureate or higher degree from an accredited educational institution including all of the following:

(a) At least 24 semester hours of accounting, including courses covering the subjects of financial accounting, auditing, taxation, and management accounting.

(b) At least 24 semester hours in business courses, other than accounting courses, at the undergraduate or graduate level.

**Note:** In accounting, the courses covering the subjects of financial accounting, auditing, taxation, and management accounting under s. Accy 7.035 (3) (a) and (4) (a), would normally be all courses taken beyond the introduction level.

(5) Whether or not the person has 150 semester hours education, has graduated with a bachelor's or higher degree with a resident major in accounting, or its reasonable equivalence, prior to January 1, 2001.

## Uniform Accountancy Act

For several years the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) have been designing a uniform approach to the regulation of the accounting profession. Their efforts culminated in the publication of several drafts of a Uniform Accountancy Act (UAA). During the past year the Accounting Examining Board has studied drafts of the Act. The latest edition of the UAA is subtitled "The Third Edition, Revised, dated November 1999."

The Board has received opinions and reviews from its legal counsel, describing the changes that would be required in the Wisconsin Statutes and the Board's rules, if the UAA were to become law in Wisconsin. The Board has also conducted a hearing to receive suggestions and comments from interested parties. Please refer to pages 4 and 5 for comparison charts prepared by Legal Counsel, Don Rittel.

The discussion of these proposals at all levels is focused on a number of current factors that are affecting the accounting profession and its regulation. These include: globalization of business, information and electronic technology, expansion of services, legal challenges to the current regulatory system, and demographic shifts in the profession. The AICPA and NASBA have identified several key goals that are of central importance to modifying the current regulatory system. These goals are: equality (to promote more uniform licensing, practice codes and ethics codes from jurisdiction to jurisdiction), ease of movement (to permit ease of mobility across state lines), response to the marketplace (to remove unnecessary barriers) and protection of the public interest (to ensure an effective enforcement system).

Substantial equivalency. This section of the act addresses the need for mobility physically and by telecommunications. It would allow accountants in good standing from a state that utilizes the substantial equivalency of the UAA to practice temporarily in states that are substantially equivalent to their original state of

licensure. The minimum competency standards for equivalency are 150 semester hours of education, successfully passing all parts of the national examination and having at least one year of experience.

CPA = CPA. All CPA's, regardless of their particular field or place of employment would be subject to licensure and regulation by a state board of accountancy. Any individual who wishes to use the CPA title must be licensed.

Regulation of Firms. Under this heading, the UAA addresses issues, relating to rendering "attest services" for the public in a CPA firm, the need for the majority of the ownership of a CPA firm to be held by licensed CPA's, and the participation of non-CPA's in the work of the firm and the title of the firm.

Reserved Services, Attest & Compilation. The proposal defines "attest services". "Attest services" may only be performed by a licensee operating in a licensed firm. Such firms must undergo peer review every 3 years. The uniform act includes other provisions relating to this issue.

Safe Harbor Language. This language would help unlicensed individuals comply with the law. The UAA offers acceptable language that an unlicensed person may use in association with financial statements.

What will be the outcome of these discussion? Eventually a bill will be introduced in the Wisconsin Legislature--perhaps, early in 2001.

#### Mandatory Continuing Education

The proposal calls for 120 hours every 3 years, with a minimum of 20 hours each year. The proposal also references the "Statement on Standards for Continuing Professional Education (CPE) jointly issued by NASBA and AICPA. The proposal also allows for an exemption from CPE for CPA's who are retired or inactive and do not provide services to the public.

These charts set forth charts and a brief description of the similarities and differences between the UAA and current Wisconsin law.

<b>COMPARISON OF “SUBSTANTIAL EQUIVALENCY” REQUIREMENTS UNDER UAA AND CURRENT WISCONSIN LAW FOR PRACTICE IN WISCONSIN BY A CPA LICENSED IN ANOTHER STATE AND WITHOUT AN OFFICE IN WISCONSIN</b>		
<b>REQUIREMENT</b>	<b>Proposed Under UAA</b>	<b>Under WISCONSIN Law</b>
Whose “substantial equivalency” requirements for education, examination and experience apply?	UAA	Wisconsin Accounting Examining Board
Who determines “substantial equivalency” of required education, examination and experience?	NASBA National Qualification Appraisal Service	Wisconsin Accounting Examining Board
1. Education	150 Hrs.	150 Hrs
2. Examination	AICPA Exam	AICPA Exam Professional Ethics Exam
3. Experience	One year	Two years
If “substantial equivalency” exists, is a certificate and license granted by the AEB needed to practice in Wisconsin?	NO. Would only need to notify AEB of intent to practice in Wisconsin	YES
Renewal required?	None specified	YES, biennially
If CPA engaged in unprofessional conduct, could AEB impose discipline?	YES	YES

<b>COMPARISON OF UNIFORM ACCOUNTANCY ACT AND CURRENT WISCONSIN LAW [NOT INCLUDING ‘SUBSTANTIAL EQUIVALENCY’]</b>		
<b>SUBJECT</b>	<b>Proposed Under UAA</b>	<b>Under WISCONSIN Law</b>
Non-CPA Ownership	Majority must be CPAs	All must be CPAs
Licensure of CPA Firms	1. All firms, regardless of business organization must hold CPA, including sole proprietorships  2. Each office of a licensed CPA firm must be registered	Sole proprietorships are not required to register with board  A firm with more than one office is only required to register once.
Use of CPA title by individuals in Non-CPA firm	All individuals using the designation “CPA”, must be licensed. CPAs working in a non-CPA firm, may use CPA designation, but not perform “attest services”	Same, except, arguably CPA may not use CPA designation when employed or part owner of a non-CPA firm

<b>SUBJECT</b>	<b>Proposed Under UAA</b>	<b>Under WISCONSIN Law</b>
Attest Service	Attest service specifically defined as including: audits,	Attest service not specifically defined, except for

	reviews, compilations and examination of prospective financial information, represented to be performed in compliance with professional standards (i.e., SAS, SSARS, SSAE).	commissions, contingency and referral fee rules.
Experience to Perform Attest Service	CPA supervising or signing financial statements must meet “experience requirements” to be developed in the future.	CPA’s permitted to perform attest services solely by virtue of licensure.
Safe Harbor Language	Non-CPAs may not use language on financial statements used by CPAs. Board shall develop language Non-CPAs may use.	No provision.
Interstate Reciprocity	4 years of experience in previous 10 years	5 years of experience in previous 10 years.
Continuing Professional Education	120 hrs. every 3 years	None
Peer Review	Required for renewal	None

## Disciplinary Actions

### **STEVEN J. KADONSKY, CPA TRENTON NJ SHALL NOT PRACTICE**

Convicted of crimes related to the trafficking of marijuana. Ordered to refrain from his use of his certified public accountant certification until he is granted renewal of his license. Effective 8/13/99. Sec. 442.12(2), Stats. Accy 1.401(1),(2)(b) Case #LS9704223ACC

### **MARVIN D. HATCHER KENOSHA WI ADMINISTRATIVE INJUNCTION**

Practiced and advertised after the expiration of his certification in 1991. Effective 6/8/99. Sec. 442.03(1),(2), Stats. Accy 1.401(1) Case #LS9906081RAL

### **LESLIE J WEBSTER, CPA ELLSWORTH WI SUSPENDED**

Convicted of felony concealment of assets in a bankruptcy. Completed term of imprisonment. Suspended effective retroactively to commence on 1/21/98. May petition for termination of suspension after 2 years. The Supreme Court suspended him from the practice of law for two years. That suspension was effective 1/21/1998. Effective 12/3/99. Accy 1.401(1), (2)(b) Case #LS9909151 ACC

### **MICHAEL S TOEPFER CPA MILWAUKEE WI SUSPENDED**

Convicted of Interstate Transportation of Money Taken by Fraud. He timely informed the board of the criminal proceedings. Suspended indefinitely. Effective 12/3/99. Sec. 442.12(2), Stats. Accy 1.401(1),(2)(b) Case #LS9912031ACC

RETURN SERVICE REQUESTED

# REGULATORY DIGEST

Bulk Rate  
U.S. Postage  
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Permit No. 1369

## Telephone Directory

The Division of Business Licensure & Regulation has a menu telephone system which is designed to more efficiently direct the caller to the appropriate section. The telephone number for staff is:

**(608) 266-5511**

After dialing this number you are asked to press 1, 2, 3 or 4. For the following requests, please press extension numbers as noted:

<b>Application Forms</b>	<b>Ext. 11</b>
<b>Complaints Against Licensees</b>	<b>Ext. 12</b>
<b>Application Processing &amp; Requirements</b>	<b>Ext. 42</b>
<b>Whether A Person Is Registered</b>	<b>Ext. 442</b>
<b>Fax Number (608) 267-3816</b>	

## Verifications

Requests for verifications of license, sent to other states must be in writing. **The cost is \$10.** Please make out check or money order to the Department of Regulation and Licensing.

## Dates to Remember

Board Meetings: March 17, May 12, August 18, October 6 and December 1, 2000

Exams: May 3-4, 2000 and November 1-2, 2000  
Deadline: 60 days before exam

## Visit the Department's Web Site

<http://badger.state.wi.us/agencies/drl/>  
Send comments to [dorl@drl.state.wi.us](mailto:dorl@drl.state.wi.us)

## Wisconsin Statutes and Code

Copies of the "Wisconsin Statutes and Administrative Codes For the Accounting Examining Board" may be ordered from the Department.

Include your name, address, county and a check payable to the Department of Regulation and Licensing in the amount of \$5.28. The latest edition is dated March 1999.

## Change of Name or Address?

Please photocopy the mailing label of this digest, make changes in name or address, and return it to the Department. Confirmation of changes are not automatically provided.

**WIS. STATS. S. 440.11 ALLOWS FOR A \$50 PENALTY TO BE IMPOSED WHEN CHANGES ARE NOT REPORTED WITHIN 30 DAYS.**

## Subscription Service

Bi-annual digest subscriptions are published for all credentials in the Department at a cost of \$2.11 each per year. **CREDENTIAL HOLDERS RECEIVE THEIR REGULATORY DIGEST FREE OF CHARGE.** Others may send the fee and this form to the address listed above.

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